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SUBJECT: GOOGLE'S VIEWS ON EGYPT'S ECONOMIC ENVIRONMENT,
INTERNET CONTROLS

Sensitive But Unclassified, Not For Internet Distribution

¶1. (SBU) Summary: On September 14, Google,s Regional Manager for the Middle East and North Africa Sherif Iskander gave econoff an overview of Google,s business in the region and opined optimistically about the improvement of Egypt,s business environment and economy, though with some reservations. Google,s ambitious plans, although still in the preliminary stages, could eventually contribute to increased Internet usage among Arabic speakers and a more vibrant e-business in the region, with ensuing economic benefits. Iskander also discussed Google's approach to complying with Egyptian Internet filtering laws. End Summary.

Google,s Ambitious Middle East Plan

¶2. (SBU) On September 14, econoff met with Sherif Iskander, Google,s Regional Manager for the Middle East and North Africa, to discuss Google,s business in the region, Egypt,s economic reforms, and the opportunities and challenges that lie ahead. Google is just beginning its operations in the region and is focused on fostering small- and medium-sized enterprises (SMEs), the advertisements of which make up the bread and butter of Google,s revenue. Since less than five percent of Egyptian SMEs have Internet access and less than one percent of the Internet,s content is in Arabic, Google is embarking on projects to increase Internet access among its core customer group and provide a greater amount of Arabic content. In order to increase local Internet use, Google plans to provide software that is totally Web-based and low-maintenance, thus alleviating costs for businesses that may not even have a computer. With this type of software, businesses would be able to use Google,s products from a local Internet caf or anywhere else.

¶3. (SBU) Where the company might make more of a difference, however, is in making Arabic content on the Internet more prevalent and accessible. It has already launched Gmail in Arabic, which according to Iskander is the first e-mail application for Arabic speakers requiring no knowledge of English. Additionally, the company has a research team working on a new context-based method of machine translation between English and Arabic, a notoriously difficult problem. Iskander was optimistic that Google,s team would eventually make translations at least intelligible enough to do business, though the time frame for this was unspecified.

Google plans to link its translation engine to its search software, so that a search in Arabic returns not only Arabic sites but also those translated from English, and eventually from other languages. (Comment: Lack of Arabic content is one of the primary hindrances cited by the business community to increasing e-business in Egypt. End Comment.)

Upbeat about improving economy ...

14. (SBU) Iskander talked at length about what he sees as recent improvements in Egypt's business environment and the opportunities and challenges that lie ahead. Officials in the Nazif government have been much more accessible to him and his colleagues than those of previous governments. He was also impressed with the increased transparency and amount of public information about several recent issues, including the 3rd mobile license, the upcoming Omar Effendi sale, and the investigation into recent train accidents. According to Iskander, prior to 2004 all of these developments would have been shrouded in secrecy. Perhaps most telling is that prior to 2004, Iskander himself was conducting almost all of his business based in Dubai because of the poor business environment in Egypt. Iskander was particularly upbeat about the IT/telecom sector's prospects. In addition to the 3rd mobile license, Egypt has become a more popular destination for call centers, including those for Microsoft and Oracle. Egypt's call centers are doing well because of high English language standards and because they do not try to fool customers into thinking that their employees are actually in the U.S., a practice that apparently backfired in India.

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... but wary of fundamentalists and lack of vision

15. (SBU) Iskander sees the biggest challenges to continued economic growth to be two-fold: opposition under a religious banner from people not yet benefiting from reform projects, and a lack of planning in long-term growth strategy. He believes that Egyptians who do not see immediate benefits from economic reforms may use religion as an excuse for opposition. If economic reforms progress far enough, however, and reach deep enough into all levels of society, then this opposition would eventually disappear. Regarding long-term growth strategy, Iskander thought that many of the current GOE projects are aimed at "plugging the holes" in a broken system without adequate thought for the future, though the IT/telecom sector was slightly better off in this regard.

Censorship

16. (SBU) Iskander prefaced his comments on censorship by stressing that Google is a very moral company, and does not place advertisements for pornography or alcohol (except for wine). He also stressed that Google must comply with host country laws wherever it operates, but explained that Google does not host any of its services from Egypt, but rather from the U.S. In this way, the company does not implement censoring mechanisms itself, but rather allows Egyptian ISPs to censor locally as they do with all Internet content. Google thus complies with censorship regulations without doing the actual censorship itself.

17. (SBU) Econoff queried Iskander on why Google did not take this approach in China, where the company has been criticized for censoring its content. Iskander responded that unlike Egypt, Google needed to host its Chinese services from China due to the way the Chinese are connected to the Internet. The company was thus required to implement censorship itself. However, Iskander said that Google has publicly given a

different reason for why it hosts its Chinese services from China, namely that the sheer size of the Chinese market requires locally-hosted services for efficiency. Iskander said the company gives this explanation publicly so that no other countries (read: Saudi Arabia) would try to close their Internet off as China has done.

18. (SBU) Comment: Google is walking a fine line with this approach to censorship, neither endorsing nor pushing back against limits on freedom of information. The strong blowback from its censorship in China may have pushed the company to try this different approach. Additionally, because the Arab market is still so small, Google loses little in efficiency by hosting its Arabic services outside of the region. End comment.

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